Financial Improvement Initiative (FII)
Process Flow Development

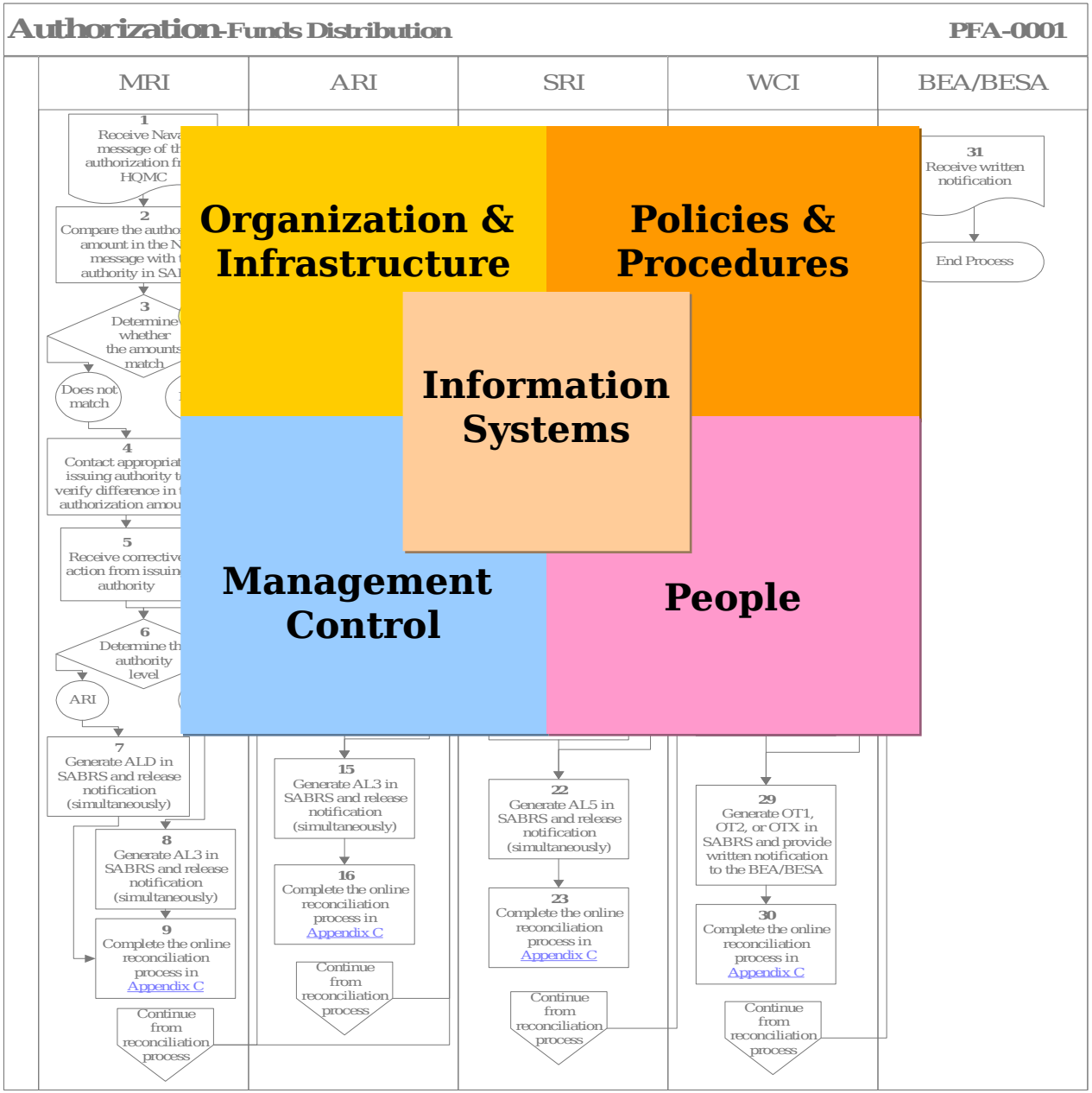
FY 2006 Managers' Internal Control Program Conference

December 1, 2005

Agenda

- What governs process flows
- Work shop objectives
- Preparation
- Sample Process Flow
- What we found
- End results
- The complete package
- Questions

What governs process flows



Process flow Objectives

- Document “As-Is” processes
  - Document applicable organizations
  - Document existing policies and procedures
  - Document existing management controls
  - Document existing people and skill sets
  - Document existing systems used in the process

- Identify next steps

Preparation

Preparation includes:

- Identifying information required
  - Selecting a site
  - Selecting facilitators
- Requesting subject matter experts
- Selecting standard flowchart shapes
- Selecting standard flowchart format
  - Example of what you have defined as a process

Process flow required information

Section 1. GENERAL INFORMATION								
1.1 Activity Name								
1.2 Activity Location								
1.3 Primary Point of Contact (POC)								
1.3a POC Phone								
1.3b POC Email								
1.4 Submission Date								
1.5 Select the function in which you will be providing information.		Funding		Commitment		Obligation		Expenses
		Billings		Collections		Undelivered Orders Validation		Outstanding Travel Order Validation
		Inventory		Problem Disbursements		Reimbursable Work Orders		Travel Card Reconciliation
		Liquidations		Contract Reconciliation				
1.6 Provide a process flow diagram or a detailed written explanation of the process. Also, indicate the steps in the process in which documentation or reports are produced by writing the report name by the associated step.								

Based on the selected process, please answer the questions in the following sections.

Process flow required information (Cont.)

Section 2. INFORMATION SYSTEMS

2.1 List each information system used by your activity to execute this process.

No.	System Name	System Acronym	Organization / Activity	System Status (Continuing, Legacy, or New Development)
1				
2				
3				

2.2 Select the primary function each system performs by placing the number of the system identified in 2.1.

	Acquisition		General Ledger Management		Payroll		Travel
	Benefit		Guaranteed Loans		Property Management		Cost Management
	Human Resources		Receivables Management		Direct Loan		Inventory
	Reporting		Funds Management		Managerial Cost Accounting		Revenue
	Grants		Payment Management		Seized and Forfeited Property		

2.3 Select the secondary, or sub-function(s), each system performs by placing the number of the system identified in 2.1.

	Budget Execution		Debt Management		Management Information
	Budget Formulation		Defense Working Capital		Military Pay
	Cash Accountability		Departmental Reporting		Trust Fund Accounting
	Disbursing		Contract/Vendor Pay		General Funds
	Transportation Payment		Travel Payment		Civilian Pay
	Security Assistance		Other:		

2.4 Has your activity reported any System Change Requests (SCR) related to this process?	Yes	No

Process flow required information (Cont.)

Section 2. INFORMATION SYSTEMS (Cont.)

2.4a If yes, provide the following functional information about each SCR.

SCR Number and Title	*System Name*	*Date SCR is scheduled to be in production*	*Effect SCR will have on process*

2.4b If yes, provide the following resource information about each SCR.

SCR Number and Title	*Number of Full Time Employees (FTE) Assigned to SCR*	*Number of Contractors Assigned to SCR*	*Total Cost of SCR*

2.5 If reports are generated during the execution of this process, provide the following information about each report. Please attach a sample of each report to this template.

System Name	*Report Name*	*Title and Organization of Report Reviewer*	*Type of Information Provided by Report*

2.5a For each report, identify the frequency in which it is generated and the location in which the report is filed for analytical purposes.

Report Name	*Frequency Generated*	*Location Report is Filed*

If you have not completed the Financial Systems Data Call Template, complete the template and submit it with this template.

Process flow required information (Cont.)

Section 3. MANAGEMENT CONTROL				
3.1 List the assessable units associated with this process.				
3.2 Identify disciplinary action plan(s) established to respond to violations in code of conduct and/or ethics.				
3.3 Are assessments performed to identify risks associated with this process?	Yes		No	
3.3a If yes, what are the identified risks associated with this process?				
3.3b If yes, also identify how often risk assessments are conducted for this process.	Semi-annual	Annual	Biennial	Other
3.3c. If Other, please specify frequency.				
3.4 Identify the risk mitigation strategies set forth for this process.				

Process flow required information (Cont.)

Section 3. MANAGEMENT CONTROL (Cont.)

3.5 Identify the preventive control activities utilized during this process.

Preventive Controls	
Control Over Physical and Intellectual Assets	
Separation of Duties	
Proper Approval	
Policies and Procedures	
Other	

3.6 Identify the detective control activities utilized during this process.

Detective Controls	
Reviews / Reconciliations	
Audits / Management Reviews	
Monitoring	
Physical Inventories	
Other	

Process flow required information (Cont.)

Section 3. MANAGEMENT CONTROL (Cont.)				
3.7 Identify the methods used to communicate management control-related issues.				
3.8 Identify the measurable goals related to this process and the corrective action plan designed to improve the process if goals are not achieved.				
3.9 Is there a regular monitoring practice in place to ensure consistency and effectiveness of policies and procedures in its applicability to your current process?	Yes		No	
3.9a If yes, describe the monitoring practice(s).				
3.9b If yes, identify how often the policies and procedures are monitored and updated.	Semi-annual	Annual	Biennial	Other
3.9c If Other, please specify frequency.				

Process flow required information (Cont.)

Section 4. POLICIES AND PROCEDURES

4.1 Identify the person who manages/implements the policies and procedures of the process within your activity and the method in which policy and procedural changes are communicated.

POC	*Title*	*Method of Communication*

4.2 Identify the entities or guidance that dictate this process within your activity.

	Legislation Mandated by the Congress		DoD, Inspector General (DoD, IG)		Requirements by the Office of Management and Budget (OMB)
	General Accountability Office (GAO)		Department of Defense (DoD)		Marine Corps **(MCO, MCBul, MCAdmin, etc.)**
	In-house development of policies and procedures		Other:		

4.3 Identify the Standard Operating Procedure(s) (SOP) and/or desktop procedure(s), or other policies that govern your process. Please provide a website in which documentation can be found or attach all applicable document(s).

4.4 Is your activity responsible for communicating policy / procedural changes to an external activity / agency?

Yes	No

4.4a If yes, please specify the external activity / agency name, point of contact, method of communication, and purpose of communication.

Activity/Agency Name	*POC*	*Method of Communication*	*Purpose of Communication*

4.5 List source documents / forms / any kind of financial documents that are used by your command to initiate this process.

Process flow required information (Cont.)

Section 5. ORGANIZATION AND INFRASTRUCTURE

5.1 Attach a detailed organization chart for your activity.	
5.2 Identify the responsible personnel involved in each step of the process.	*Title of Responsible Personnel* / *Step in Process Performed*
5.3 Identify which steps in the process are dependent upon each other.	
5.4 Describe how the status of the process is communicated and disseminated between external activities or internal personnel.	
5.5 Describe the actions taken when another activity or internal personnel delay steps within the process.	

Process flow required information (Cont.)

Section 6. PEOPLE

6.1 List the series and grade required of personnel to perform the various duties throughout this process.

Job Description	*Series*	*Grade*

6.2 Identify the skill set and skill level required of personnel to perform each step within the process. Defined the skill level as low, medium, or high.

Step	*Skill Set*	*Skill Level*

6.3 List the training available for each role within the process, and the frequency at which training is provided.

Role	*Training*	*Frequency of Training*

6.3a Identify the required training provided for this process.

6.4 Identify the number of people required to perform each task within the process and the number of people your activity currently uses to complete each task.

Task	*Number of People Required*	*Number of Current People*

6.5 Provide the turnover rate for your activity.

6.6 Identify certifications required to perform tasks within the process.

Task	*Certification*

Site Selection

Select facilitators

- Facilitators
  - Neutral and impartial
  - Ability to maintain steady momentum
  - Not a subject matter expert

Select facilitators

Facilitation –

Documenting processes involves asking pointed questions to obtain specific answers or output.

- Where does the process begin?
- Identify the source documents?
- What personnel are involved in the process?
- Identify the systems involved in this process. Any interfaces?
- Is there a shortcut?
- What are the internal and/or management control steps?
- Are reports generated from this step?
- Is this the end of the process?

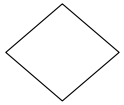
Request subject matter experts

- Subject matter experts
  - At least 10 years experience in the field at the detail level
  - Authority to make decisions for the command

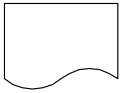
Standard flowchart shapes

- Development
  - Utilize collected data to generate standardized process flows
  - The following symbols are used to depict the actual process steps that must be performed in order to complete a business event process flow

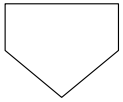
Indicates a process or action



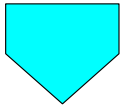
Indicates a decision or determination



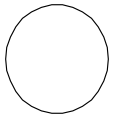
Indicates the receipt of a document



Indicates the continuation of a process flow to another process flow



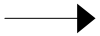
Indicates the continuation from another process flow



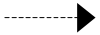
Indicates a possible outcome of a decision

Indicates a step in a process that is a Management Control Point (MCP)

Indicates the end of a process



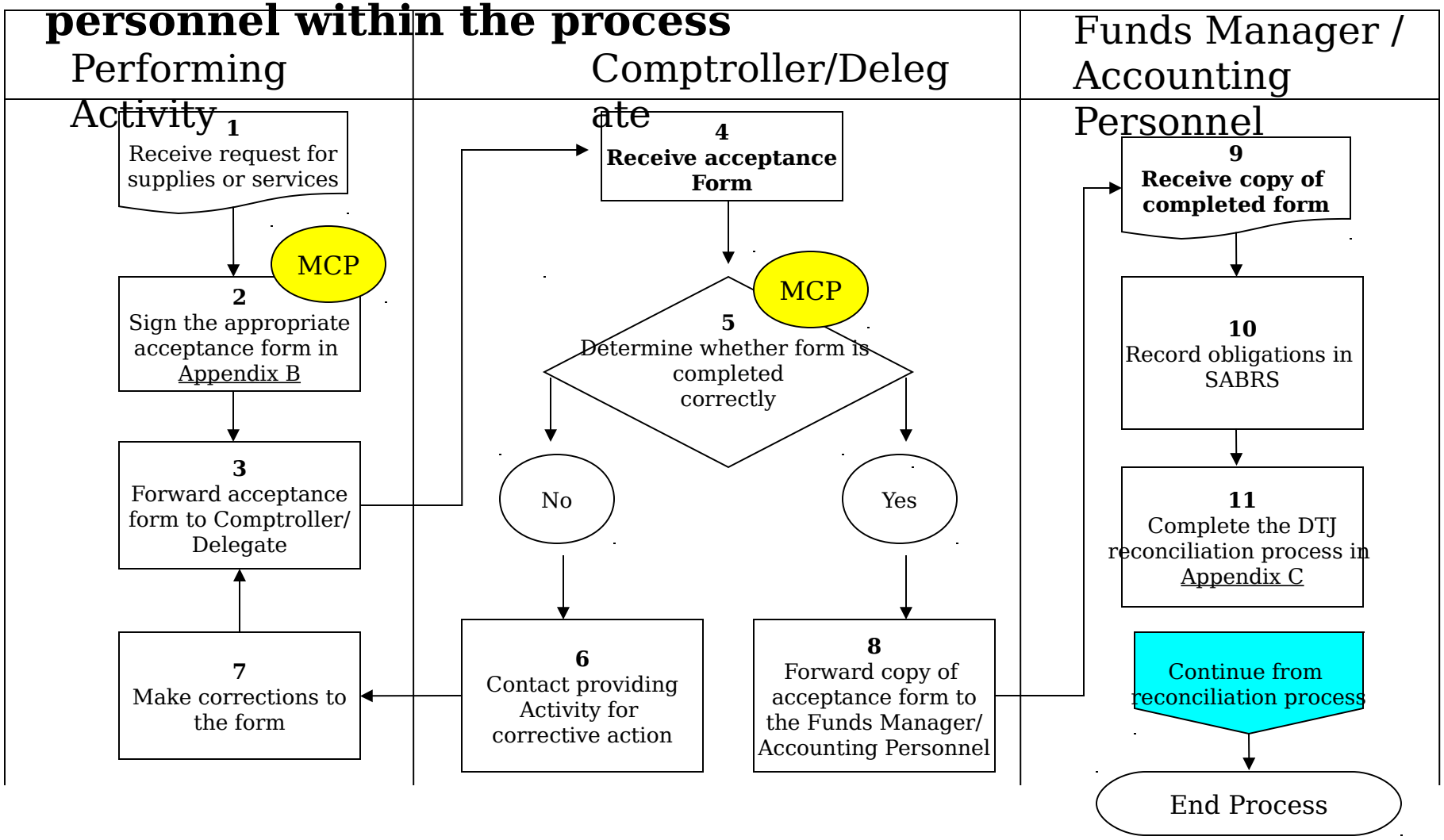
Indicates the direction of the process



Indicates simultaneous action between multiple swim lanes

Sample Process Flow

Process flows provide a graphical depiction of the specific functions that are carried out by respective personnel within the process

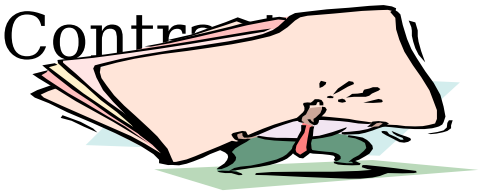


Process Example

#1 Determined

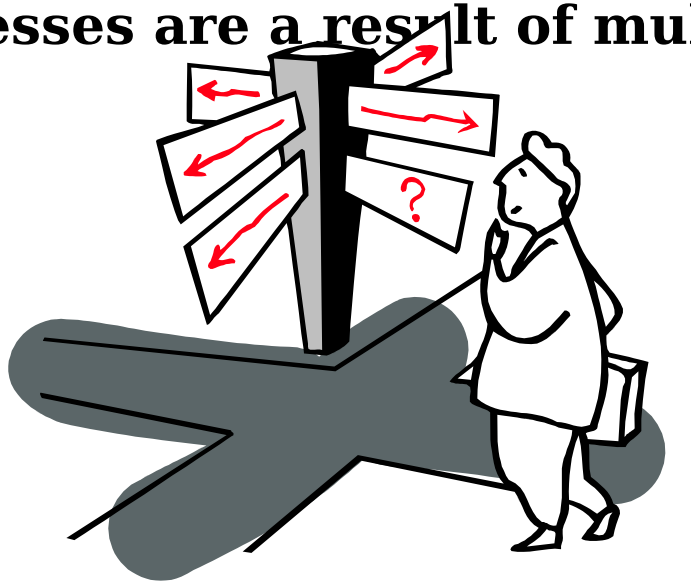
#2 Submit

#3 Award



What we found

- **That 14 financial functions could be done 700 different ways**
- **“As is” process flows included personality driven tasks**
- **Financial processes are a result of multiple types of business events**



Next steps

- **Consolidate like processes and compare against requirements**
- **Publish proposed standard processes for comment**
- **Consolidate comments and re-publish proposed standard processes**
- **Convene standardization workshop with same subject matter experts**
- **Validate new standard processes**
- **Implement new standard processes**
- **Assess implementation success**

End results

- **Financial processes reduced from 700 to 57 standard processes**
- **Standard financial processes implemented 1 Oct 2005**
- **Formal schools incorporating standard processes into curriculum**
- **Systems inventory more complete**
- **Outdated references being updated**
- **Standard operating procedures are being updated**
- **Internal control points are consistent**
- **Deficiencies were identified and are being corrected**

Questions